

Pass Through Payment Calculations

Q. There are competing interpretations concerning the application of Health and Safety Code Section 34188. One interpretation holds that Section 34188 requires that county auditor-controllers reduce pre-AB 1290 and AB 1290 pass through payments so they do not exceed the share of property tax which an affected taxing entity (ATE) would otherwise receive from within the project areas of the former redevelopment agency pursuant to the standard AB 8 property tax distributions. The second interpretation holds that Section 34188 only requires county auditor-controllers to reduce any “residual” pass through payments to which an ATE may be entitled per HSC section 34183 (a) (4). This second interpretation also holds that Section 34188 requires a reduction to any other non-property tax revenues, such as revenues from the sale of assets of the former redevelopment agencies. Which interpretation does Finance believe is correct?

A. Finance believes the second interpretation is correct. Specifically, we believe Section 34188 does not require county auditor-controllers to reduce pre-AB 1290 or AB 1290 pass through payments. Instead, the reduction required by Section 34188 should only apply to “residual” pass through distributions made per Section 34183 (a) (4), and to any non-property tax revenues received by ATEs from the former redevelopment agencies, such as revenues from the sale of assets.